

NEW TAX LAW NOW BEFORE SENATE

President's Much Heralded
Corporation Amendment
Introduced Yesterday.

DEBATE PROBABLY
WILL BEGIN MONDAY

Decks Nearly Cleared Yesterday
and Final Work on Schedules
Will Probably Be Completed
Before Adjournment To-
Day—Terms of
New Law.

WASHINGTON, June 25.—President Taft's much heralded corporation tax plan was presented to the Senate to-day by Mr. Aldrich, chairman of the Finance Committee, and was ordered printed as a committee amendment to the tariff bill. If schedules are completed by Monday the corporation tax amendments will then be taken up and held before the Senate until final disposition is made of it, and of amendments on the subject of a direct tax on in-

In general form the corporation tax measure follows the outline given by the Associated Press after the conference at the White House on Tuesday night, when the subject was considered by the President, lawyers of high Cabinet and Senate and House Republican leaders. As drafted by Attorney-General Wickersham and Senator Root, the measure is believed to be amendment-proof, and an effort will be made to put it through Congress unchanged. It will be designated the "Tart plan," the weight of the President's name being depended upon largely to encompass its enactment.

Terms of the New Law.

Briefly stated, the plan imposes a tax of 2 per cent. upon the net earnings of every corporation, joint stock company or association, organized for profit, and having a capital stock represented by shares, and every insurance company, organized under the laws of the United States or of any State, Territory or District, or organized under the laws of any foreign country and engaged in business within the United States.

Every latitude is given to concern subject to the tax for the exemption of expenses, cost of maintenance, the depreciation of property, debts and the interest thereon, other forms of taxation and all expenditures usually taken from earnings accounts. Every corporation is also to have an exemption of \$5,000 of earnings before the tax

All the machinery relating to the collection, remission and refund of internal revenue taxes is made applicable to the corporation tax, and the responsibility for the enforcement of the proposed law rests with the Commissioner of Internal Revenue in the same manner as other internal taxes. Though the corporations are required to supply information of a most intimate character relating to their business, articles dealing to safe-

guard them against wrongful use of data obtained for the purpose of assessing the tax. Penalties are provided in case of false or fraudulent returns.

incorporated institution organized for profit is brought within the provisions of the corporation tax. The provisions defining the concerns from which the tax will be collected is as follows:

"That every corporation, joint stock company or association, organized for

profit, and having a capital stock represented by shares, and every insurance company, now or hereafter organized under the laws of the United States or of any State or Territory of the United States, or under the acts of Congress applicable to Alaska or the District of Columbia.

District of Columbia, or organized under the laws of any foreign country and engaged in business in any State or Territory of the United States or in Alaska or in the District of Columbia shall be subject to pay annually a special excise tax with respect to the carrying on or doing business by

such corporation, joint stock company, or association, or insurance company, equivalent to 2 per centum upon the entire net income, over and above \$5,000, received by it from all sources during such year, exclusive of amounts received by it as dividends upon stock

of other corporations, joint stock companies or associations, or insurance companies subject to the tax hereby imposed, or if organized under the laws of any foreign country upon the amount of net income, over and above \$5,000, received by it from business transactions and, with the consent

within the United States and its Territories, Alaska and the District of Columbia, during each year, exclusive of amounts so received by it as dividends upon stock of other corporations, joint stock companies or associations, or insurance companies, subject to the

Determination of Income. "Such net income shall be ascertained by deducting from the gross amount of the income of such corporation, joint stock company or association, or insurance company from all

"All the ordinary and necessary expenses actually paid within the year out of income in the maintenance and operation of its business and properties.

"All losses actually sustained with-

insurance or otherwise, including a reasonable allowance for depreciation of property, if any, and in the case of insurance companies, the sums required by law to be carried to premium reserve fund.

year on its bonded or other indebtedness to an amount of such bonded and other indebtedness not exceeding the paid up capital stock of such corporation, joint stock company or association, or insurance company outstanding at the close of the year.

"All sums paid by it within the year for taxes imposed under the authority of the United States or of any State or Territory thereof.